

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Criminal No. 06-
	:	
v.	:	18 U.S.C. §§ 287 & 2
	:	
STEPHEN THOMAS	:	<u>INDICTMENT</u>

The Grand Jury in and for the District of New Jersey, sitting at Newark, charges:

COUNTS 1 THROUGH 24

False and Fraudulent Claims

1. At all times relevant to this Indictment, defendant STEPHEN THOMAS was the sole owner and operator of STEPHEN THOMAS & ASSOCIATES, located at 380-384 Main Street, East Orange, New Jersey, and was engaged in the business of preparing federal income tax returns for a fee.

2. At all times relevant to this Indictment, the Earned Income Credit (“EIC”) was a tax credit for people who had earned income under specified amounts. When an individual’s EIC exceeded the amount of tax owed, that individual became eligible to receive a tax refund.

3. At various times relevant to this Indictment, defendant STEPHEN THOMAS:

- a. instructed or had one of his employees instruct clients to fill out tax information intake sheets (“intake sheets”) which listed, among other things, the name of the individual who referred the client to STEPHEN THOMAS; the client’s name, address, and exemptions; type of self-employment; gross business income; gross business expenses; and children and other dependents;
- b. created or instructed one of his employees to create for his clients false, fictitious and fraudulent gross business income and false, fictitious and fraudulent gross business expenses so as to qualify the clients for an EIC and a tax refund;

c. entered or directed employees to enter the false, fictitious and fraudulent information from the clients' intake sheets into a tax computer software program that then generated federal income tax returns for the clients;

d. prepared or caused to be prepared false, fictitious and fraudulent federal income tax returns for the clients, which returns claimed the EIC and tax refunds and listed STEPHEN THOMAS'S business address as the clients' home addresses;

e. electronically filed or mailed, or instructed one of his employees to electronically file or mail, the false, fictitious and fraudulent federal income tax returns to the Internal Revenue Service ("IRS") in support of the claimed refunds;

f. received at his business address tax refund checks from the IRS issued in the clients' names, which checks were then cashed by the clients at various check cashing establishments while escorted by employees of STEPHEN THOMAS;

g. deposited or caused to be deposited the tax refund checks received from the IRS for electronically filed returns into a bank account controlled by STEPHEN THOMAS; and

h. charged a standard fee of \$405 for the preparation of a federal and state income tax return for clients who were allegedly "self-employed" and deducted that amount from the tax refunds received by the client.

4. On or about the dates listed below, in the District of New Jersey and elsewhere, defendant

STEPHEN THOMAS

knowingly made and presented, and caused to be made and presented, to the IRS, an agency of the Department of the Treasury, claims upon and against the United States for payment, which he knew to be false, fictitious and fraudulent, by preparing and causing to be prepared, and filing and causing to be filed, federal income tax returns for the tax years and individuals identified

below, containing claims for EICs and income tax refunds for the approximate amounts listed below, knowing such claims to be false, fictitious and fraudulent:

COUNT	NAME	TAX YEAR	DATE	AMOUNT REFUNDED
1	CF	1998	March 2002	\$1,246
2	CF	1999	March 2002	\$1,271
3	MR-1	1998	March 2002	\$2,262
4	MR-1	1999	March 2002	\$2,313
5	MR-1	2000	March 2002	\$2,339
6	JM	1998	March 2002	\$2,265
7	JM	1999	March 2002	\$2,288
8	JM	2000	March 2002	\$2,301
9	JM	2001	April 2002	\$2,310
10	MR-2	1998	April 2002	\$2,298
11	MR-2	1999	April 2002	\$2,310
12	MR-2	2000	April 2002	\$2,322
13	MR-2	2001	April 2002	\$2,335
14	MB	1998	March 2002	\$1,245
15	MB	1999	March 2002	\$1,263
16	MB	2000	March 2002	\$1,263
17	MB	2001	March 2002	\$1,304
18	ED	1998	December 2001	\$2,301
19	ED	1999	December 2001	\$2,314
20	ED	2000	December 2001	\$2,339
21	TC	1998	March 2002	\$2,262
22	TC	1999	March 2002	\$2,292
23	TC	2000	March 2002	\$2,320
24	TC	2001	April 2002	\$2,347

All in violation of Title 18, United States Code, Sections 287 and 2.

A TRUE BILL

FOREPERSON

CHRISTOPHER J. CHRISTIE
UNITED STATES ATTORNEY